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FINANCING OF THE ACTIVITIES ARISING FROM SECURITY COUNCIL RESOLUTION 687 (1991): UNITED NATIONS IRAQ-KUWAIT OBSERVATION MISSION

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the financing of the activities arising from Security Council resolution 687 (1991) concerning the United Nations Iraq-Kuwait Observation Mission (UNIKOM) (A/45/240/Add.1). During its consideration of the item, representatives of the Secretary-General provided additional information to the Advisory Committee.

2. UNIKOM was established by Security Council resolutions 687 and 689 (1991) and it is to be reviewed by the Security Council after six months. In paragraph 2 of addendum 1 to his report to the Security Council (S/22454), the Secretary-General recommended, with respect to the method of financing of UNIKOM that "the costs of the Mission should be considered an expense of the Organization to be borne by the Member States in accordance with Article 17, paragraph 2, of the Charter". The Secretary-General further stated his intention "to recommend to the General Assembly that the assessments to be levied on Member States be credited to a special account that would be established for this purpose".

3. The Advisory Committee recalls that in order to act immediately on the Security Council's decision establishing the mission, the Secretary-General authorized the entering into commitments up to a maximum of $900,000 under the authority granted to him in paragraph 1 (a) of General Assembly resolution 44/203 of 21 December 1989 relating to unforeseen and extraordinary expenses. In order to act immediately on the deployment of the mission and to bridge the period until a decision is taken by the General Assembly on the financing of UNIKOM, the Advisory Committee, under the terms of General Assembly resolution

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44/203, gave its concurrence to the Secretary-General's entering into additional commitments not exceeding $5.9 million. These expenses include initial costs in respect of communication, transportation and office equipment, subsistence allowances for military and civilian personnel, as well as commitments arising from the transporting of personnel to the mission area.

4. In paragraph 6 of his report, the Secretary-General estimates the requirements for UNIKOM for the period of six months from 9 April to 8 October 1991, inclusive, at $75,152,600 gross ($74,175,600 net), at full cost. A breakdown of the cost estimate is provided in annex I to the report with supplementary information thereon in annex II and the proposed staffing table in annex III. A cost estimate for a subsequent six-month period from 9 October 1991 to 8 April 1992 is provided in annex IV to the report with supplementary information thereon in annex V.

5. The operational plan for UNIKOM is summarized in paragraph 7 of the Secretary-General's report on the basis of general assumptions set out in paragraph 8 of that report. In this connection, the Secretary-General states that the Governments of Iraq and Kuwait will be expected to provide free of charge the land and premises required by UNIKOM.

6. In section IV of his report, the Secretary-General states that, to the extent possible, resources from the Trust Fund in support of United Nations peace-making and peace-keeping activities would be advanced to UNIKOM to meet essential start-up costs. The Secretary-General further notes that by the date of his report, no voluntary contributions had been received.

Observations and recommendations by the Advisory Committee

7. The Advisory Committee recalls that by resolution 687 (1991), the Security Council requested the Secretary-General, after consulting with Iraq and Kuwait, to submit within three days to the Council for its approval a plan for the immediate deployment of a United Nations observer unit to monitor the Khor Abdullah and a demilitarized zone. The Security Council then approved the Secretary-General's report (S/22454 and Add.1-3) by resolution 689 (1991) of 9 April 1991 and decided to set up UNIKOM immediately. The Advisory Committee was informed that in view of the short notice for preparation of the Secretary-General's report and the insufficient lead-time for the operational plan, there are a number of uncertainties with regard to the estimates, which are based on full costs.

8. The Committee notes that a number of important elements of the mission, which may be provided free of charge and are now available, were not taken into account in the original cost estimates. In this connection, the Committee was informed of several possibilities, including that premises would be made available in part by the host Governments, that fixed-wing aircraft and an airlift could be provided as a voluntary contribution and that some equipment and vehicles could be made available from other peace-keeping operations or from the existing supply depot at a charge to UNIKOM below

market cost. The Advisory Committee is of the view that the above elements and other possible savings will considerably reduce the actual total budgetary requirements of UNIKOM.

9. With regard to military personnel costs, the Committee was informed that 680 infantry would be temporarily deployed from existing forces at the United Nations Interim Force in Lebanon (UNIFIL) and the United Nations Peace-keeping Force in Cyprus (UNFICYP) for a period of up to six weeks, with resulting savings for the account relating to the releasing missions. The Advisory Committee was further informed that the mission subsistence allowance at the present rate of $160 would be reduced if accommodation and food were provided to the military observers as planned (see para. 12 below).

10. The Committee was informed that it is expected that the full strength of UNIKOM will be in place by 1 May. However, the Advisory Committee notes that the full cost estimates for the military observers and international staff are based on the full 183 days for the initial period (i.e. from 9 April); thus, there is a lapse factor that is not reflected in the estimates. The Committee doubts that 71 local employees will be recruited and fully functional on duty within the envisaged 10 days. The Committee was informed that a 7 per cent costing factor has been used for the delay in the deployment of civilian staff. Considering that the estimates of UNIKOM are based on the entire 183-day period from 9 April to 8 October 1991, the Committee believes that the lapse factor for the deployment of civilian staff will be almost one month, or above 10 per cent.

11. With regard to the proposed premises ($10.2 million), the Committee was informed that some premises such as the mission headquarters at Umm Qasr and the two liaison offices would be provided free of charge by the host Governments, which was not known at the time the Secretary-General's report was prepared. Accordingly, the estimates for rental, maintenance and construction of premises ($300,000) and prefabricated buildings ($9.7 million) would decrease substantially. In this connection, the Advisory Committee recalls the model status-of-forces agreement for peace-keeping operations, contained in the report of the Secretary-General (A/45/594), which provides, inter alia, under paragraph 16 thereof as follows:

> "The Government of [host country] shall provide without cost to the United Nations peace-keeping operation and in agreement with the Special Representative/Commander such areas for headquarters, camps or other premises as may be necessary for the conduct of the operational and administrative activities of the United Nations peace-keeping operation and for the accommodation of the members of the United Nations peace-keeping operation."

Accordingly, the Advisory Committee trusts that the Secretary-General will pursue every effort with the host countries to obtain premises for the operation of the mission and the accommodation of the staff without cost to UNIKOM.

12. Notwithstanding the above, the Advisory Committee notes that the budget provides for accommodation facilities for 220 persons at UNIKOM headquarters ($2.6 million) and for approximately 110 support troops, supply, movement control, postal and medical units ($504,000). The Advisory Committee points out that if free accommodation were to be provided to military observers, troops and civilian staff, as planned in the cost estimates, then the provision for mission subsistence allowance for 300 military observers and 122 international staff at the full rate of $160 per day needs to be reduced accordingly. The Advisory Committee therefore recommends that in administering this allowance, appropriate administrative action should be taken, where accommodation is provided to personnel who receive subsistence allowance, to make the required reductions. This would result in substantial savings.

13. As regards the proposed air operations ($10.3 million), the Advisory Committee is of the view that the cost estimate for hiring six light utility helicopters for 60 hours each per month at the rate of $2,750 per helicopter for a total of $5.9 million is high when compared with commercial rates and costs for other peace-keeping operations. In this connection, the Committee was informed that the original estimate had been reduced to $4.8 million. The Committee understands that the offer from one Member State was comparable to commercial rates, but that the normal procedures for competitive bidding are not being followed in such cases. In this connection, the Advisory Committee recommends that in future such offers be reviewed to obtain less expensive commodities and/or facilities on a more competitive basis. The Committee was also not convinced that associated costs such as the positioning costs ($1.2 million) and resupply costs ($1.2 million) were the most economic obtainable.

14. The Advisory Committee was not fully convinced of the need to provide 6 helicopters flying only 60 hours each per month, taking into account the relatively small area to monitor and the planned 25 observation posts along the demilitarized zone extending 10 kilometres into Iraq and 5 kilometres into Kuwait. The Advisory Committee recommends that the Secretary-General, in consultation with the Chief Military Officer, review and ascertain whether the requirement will in fact exceed the four helicopters that have been provided so far.

15. The Advisory Committee was informed that one Member State was providing one C-130 aircraft for airlift and another country had indicated that it would provide two single-engine aircraft, as a voluntary contribution, thus reducing the costs for fixed-wing aircraft, including basic hire costs, positioning and painting, by $1.2 million.

16. The Advisory Committee was further informed that the acquisition of vehicles ($5.0 million) and various other transportation equipment did not take into account the provision of 34 sedans ($468,000) and 143 station-wagons ($2.2 million) from the United Nations Iran-Iraq Military Observer Group (UNIIMOG) after completion of that mission. The Committee was not convinced

that other vehicles could not be procured from existing stocks or borrowed from other operations. In this connection the Committee notes that any vehicles from the United Nations Transition Assistance Group (UNTAG) reserve would only be charged with the residual value. Furthermore, the Advisory Committee is of the view that the total number of 244 vehicles (para. 5 (a) of annex II to the report) for 300 military observers, 160 support troops and 17 international staff is a high ratio. The Advisory Committee believes that economies could be made in the number of vehicles deployed to UNIKOM.

17. With regard to the estimate for spare parts ($400,000), the Advisory Committee requests the Secretary-General to make every effort to obtain at least part of this requirement from the United Nations reserve stock. Moreover, the Advisory Committee invites the Secretary-General to ascertain whether some petrol, oil and lubricants ($460,000) could be made available by the host Governments free of cost or at less than the rate used in the estimate.

18. With regard to communications ($6.6 million) and miscellaneous equipment, including office furniture ($2.9 million), the Advisory Committee was informed that, in view of the short lead-time, all equipment as well as vehicles were based on rough estimates for new procurement and not on tender prices. The Advisory Committee is of the view that a number of estimates such as costs for computers seem highly inflated and that the costing should be made at existing market prices. The Advisory Committee cautions against the acquisition of equipment that is more sophisticated and expensive than is necessary to fulfil the requirements of the mission.

19. With regard to freight and cartage ($4.9 million), the Advisory Committee is of the view that the estimate for the airlift is high and recommends that it be reviewed to obtain a rate more advantageous to the United Nations.

20. In the light of the Committee's observations in paragraphs 7 to 19 above, the Advisory Committee believes that the total appropriation for UNIKOM for the period from 9 April to 8 October 1991 should not exceed $60,977,000 gross ($60.0 million net). The Committee recommends that the Secretary-General should be permitted the usual flexibility to transfer credits between items of expenditure, should that be necessary in the interest of good management and efficiency.

21. With regard to the proposed cost estimates for the subsequent six-month period from 9 October 1991 to 8 April 1992, the Advisory Committee notes that the Security Council will next review the mandate of UNIKOM in October 1991 and that the General Assembly will be in session at that time. Accordingly, should they be required, estimates for the operation of UNIKOM after 8 October 1991 should be submitted to the General Assembly soon after action by the Security Council. These estimates should take into account the budgetary performance of UNIKOM for the initial period.